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THE ECONOMIC SITUATION IN JAPAN.

DURING the period of national isolation the emperors of Japan lived in inactivity and seclusion at the court of Kyoto, while the actual administration of affairs was carried on by the shoguns of the Tokugawa family residing at Tokyo. The immediate rule of the several provinces was in the hands of the daimyos, who were required to reside a part of the year in the shoguns' capital. Each daimyo held in his service a body of trained soldiers, who were supported by him, and who constituted his train for display and his guard for defense. The mass of the people held a position not greatly unlike that of the serfs of mediæval Europe. The ports were closed to foreign trade ; importation and exportation as well as immigration and emigration were prohibited. By this isolation the nation was thrown upon its own resources. It was obliged to produce its own food, and in its industrial and artistic life it was forced to seek original and independent development. Although this was an age of external peace, yet the internal order was often disturbed by collisions between the different bands of retainers.

The food to supply the increasing demands had to be won from the soil by more careful and intense cultivation. But this cultivation has hitherto been confined to a small part of the territory of the country ; not more than 18 per cent. of the whole area has been devoted to agriculture ; and this limited area of tilled land has had to bear the whole burden of feeding the people. This strong demand for food from a small territory has had a marked effect on the conditions of Japanese life. It has kept agricultural labor turned to the products of commodities immediately suited to domestic consumption ; and among the possible products it has directed attention especially to those that would furnish, from a given area and with a given amount of effort, the maximum of sustenance. From this point of view rice appears

to have been the favored product. Wherever the land can be flooded, it has been found advantageous to devote it to the cultivation of rice, and thus, on account of the abundance of water, the rice fields have come to occupy a large part of the tillable soil of the country; not merely the flat portions, but also the lower hillsides; for by building retaining walls of earth or stone, the sloping lands have been terraced and perfectly adapted to this form of production. Undoubtedly the economic motive has been satisfied by this wide extension of rice cultivation, but it forces upon those engaged in it a more undesirable occupation and more unattractive conditions of living than are presented by any other form of agriculture. The fields are manured by transporting to them from the towns, either in boats or on carts, what would be carried off by the sewers of an American city. Throughout the season of preparing the ground and planting and cultivating, the peasants work up to their knees and elbows in the enriched mud of the rice paddies, and at night lie down in their damp, thatched houses to breathe the emanations of the filthy artificial swamps around them.

By the restoration of 1868 feudalism was set aside, the shogun and the daimyos were divested of power, and the emperor came forth from his seclusion to be the real governmental head of the nation. By a strictly conscious effort certain social forms that passed away in Europe through centuries of growth were here changed in the course of a few years. The restoration swept away the form of political mediævalism, yet the religious institutions and ceremonies remained comparatively unchanged. The old temples have the forms of a thousand years ago, and the doctrines, to the bulk of the people, are as mysterious as in the earlier years.

As one passes over the country from city to city, he may not discover signs of great physical changes from the conditions of the feudal age. On their little farms, practically without the aid of animals, the country people are performing their numerous duties just as they have been performing them for three hundred years. On the highways men, women, and children, attached

to freight trucks, do the work of beasts of burden and that, too, in competition sometimes with the railway. Yet the contrast between the conditions of the past and the present in the country is as real as in the city. It requires, however, an effort of the historical imagination to make appreciable this contrast. The change that has come to the peasants through the destruction of feudalism is rather a spiritual than a physical change. They toil for the same scanty fare as formerly, but their sense of nationality has been awakened, and their spirits stirred with patriotism. Forty years ago under the daimyos the country people were not far removed from serfdom. At present they enjoy the position of free citizens under the emperor. Under the old régime no resident of one province was permitted, without a special permission, to cross the border and enter another province. Now traveling for pleasure within the limits of the empire is a conspicuous feature of Japanese life. Formerly, on account of provincial restrictions, there were few marriages between persons residing in different provinces. Today marriages are contracted without regard to geographical considerations. For some part of the distance between Tokyo and Kyoto the railway runs parallel to the old public highway known as the Tokaido. This was formerly the great thoroughfare of the country. Over it the ancient daimyos and their gorgeous trains of retainers were accustomed to pass to and from the eastern capital, where in obedience to their feudal superior, the shogun, they were obliged to reside a certain number of months in each year. The old highway is still used, but brilliant trains no longer enliven it, and it has fallen to the low estate of an ordinary country road. In some places, however, where it winds among the hills, it is still picturesque, and its ancient inns, about which yet hang the odors of antiquity, suggest the scenes which it witnessed in the feudal days.

In place of the feudal government overthrown at the restoration there has been established, by the will of the emperor, a government having many of the qualities of the constitutional monarchies of Europe. The emperor stands as the head of the

state, holding still the power of an absolute veto, and commanding a larger measure of reverence than is paid to the European monarchs. This sentiment of reverence for the emperor is so thoroughly interwoven with ancestor worship that religion and devotion to the imperial family are blended and form the constituent elements of Japanese patriotism. Under the emperor there is a parliament of two houses, which is essentially a western institution. The upper house, or house of peers, is "composed of the members of the imperial family, of the orders of nobility, and of those persons who have been nominated thereto by the emperor." The lower house, or house of representatives, is "composed of members elected by the people, according to the provisions of the law of election." This parliament meets once a year, and continues in session for three months, and if necessary the session may be prolonged by imperial order. The privilege of voting is extended to every male Japanese who is twenty-five years of age, who has resided in the district not less than one year, and who pays direct national taxes to the amount of not less than fifteen dollars.

The general administration is conducted by a ministry, the members of which are appointed by the emperor and may be removed by him; but, according to the law, they are not responsible to the parliament. On this point, however, certain members of the liberal party are demanding that England shall be copied. A few months ago Count Ito affirmed his adherence to this view. "The ministers, it is true," he said, "are responsible only to the emperor; but if a cabinet had a majority against it, in both houses, the mikado would not screen it, so that a cabinet is always dependent on parliament."

The first striking point in this statement is the assertion that in case of a disagreement between the conclusion of the ministry and the conclusion of the parliament on any given subject the emperor will, as a matter of course, forego his traditional and constitutional prerogative, and allow to be realized a governmental procedure unknown in Japanese history, and not contemplated in the present fundamental law of the nation. The second

striking thing about the statement quoted is the assumption that because England, with her peculiar social antecedents and unwritten constitution, follows one procedure, therefore Japan, with entirely different social antecedents and a different constitution, should follow the same procedure. The emperor and his immediate advisers appear to stand in decided opposition to the plan of imposing upon the cabinet responsibility to parliament. In view of Japan's lack of experience with constitutional government, the eagerness of Japanese politicians to make political experiments, and the probability that the parliamentary majority will in the future represent a stratum of society lower than that now in power and with little political training, the governmental procedure known as ministerial responsibility appears to the conservative advisers of the emperor to have the least possible adaptation to the affairs of that nation. It threatens to introduce into the conduct of the government the capricious vagaries characteristic of a people with newly acquired liberty, and makes doubtful the possibility of maintaining a strong, consistent, and farsseeing national policy.

Hitherto the Japanese have displayed remarkable ability in determining what institutions and practices they ought, and what they ought not, to adopt. It is not to be supposed, however, that the westernizing movement will go on continuously at an even pace. Progress is likely to be followed by reaction, and reaction again by progress. It is seldom that a stream flows a long distance without developing eddies and countercurrents along its course. One of these countercurrents in Japanese progress may be seen in the revival of nationalism that has come as a consequence of signal victory in the war with China. But this temporary reaction in Japan is only a normal manifestation of a nation's confidence in itself confirmed by the trial of war. The strong self-confidence of the Japanese character, under the stimulated national spirit of the present, leads a large part of the people to assert their national self-sufficiency and their ability to carry on western civilization without direct western help. At the same time many Japanese who have become

familiar with western life and institutions hold to an opposite policy. They affirm the necessity of maintaining the closest possible relations with Europe and America. To a foreigner not moved by the patriotic feeling which at present warms the Japanese imagination the question does not appear to be a difficult one. The programme of the extreme nationalists is neither a reasonable nor a practicable programme. Those who advocate isolation and at the same time progress along the lines of western civilization are attempting to maintain an untenable position. The principal obstacle in the way of accomplishing their purpose is the strength of native traditions and the lack of any participation, on the part of Japan, in the inheritance of western peoples. Under the force of the strong national spirit and traditions of Japan there is an almost irresistible tendency, even in the case of youth educated in America, to revert to the ancient ways and thought of their countrymen.

In the matter of isolation the position of any one of the western nations is quite in contrast with that of Japan. It is clear that an abrogation of the mutual dependence of European and American nations is quite impossible. These nations are bound by the ties of a common inheritance, and by the fact of a close relationship of languages ; they are, in fact, parts of one social being. Under the project of the extreme nationalists Japan would announce herself as able, after thirty or forty years of western apprenticeship, by her own efforts, to keep abreast of that progress which has behind it the marvelous creative force of those nations that have led the material advance of the world.

But one has only to observe the vast shipping from all quarters of the earth, which fills the harbor of Yokohama, to be able to appreciate that Japan's ports can never be again closed to international commerce. Moreover, Japan has won her victory over China by making use of material products of the West. Her present industrial achievements are due to the use of machinery furnished by the inventive genius of Europe and America. In fact, she owes both her industrial and military standing largely to her ability to make use of western appli-

ances in furthering her ambition to be a western power. And now, having entered the European circle, and thrown down the barriers that excluded foreigners, she has made impossible the ancient policy of isolation. In spite of the strong influence of the war in developing patriotism and the national spirit, as opposed to the provincialism of the old régime, the conflict with China has made a permanent return to non-progressive orientalism more than ever improbable. One of the reasons of this is the new relation which Japan holds towards China as the result of victory. Hitherto Japan has looked to China as the source of many of the elements of her civilization. Her most effective form of religion has come immediately from China ; her learned men have been brought up on the writings of Confucius ; and her art has received its most powerful foreign suggestions and stimulus from China. But Japan has come out of the war victorious, and it is, therefore, inevitable that she should now underestimate Chinese civilization ; for after the military overthrow and political humiliation of a nation there is a universal disposition to underestimate and cast an aspersion on the spiritual life and cultivation of the defeated nation.

A civilized nation, therefore, that enters upon a foreign war places at stake not only its political and military standing, but also the prestige of its art and all the achievements of its national life. The conquering nation is bound to look elsewhere than to the conquered enemy for suggestions as to the development of its civilization. It is for reasons here involved that the influence which Chinese civilization has hitherto exerted upon Japan is likely to be weakened in the future ; and there is in this a certain ground for the opinion that, in spite of the present reaction, the westernizing movement is to be maintained. With her ports open to the trade of western nations, it will be impossible to exclude western ideas ; and the importation of western ideas means, among other things, the importation of western methods in industry and commerce. The open ports, moreover, involve the possibility of importing food in return for exported manufactured goods, which was not permitted under

the rule of the shoguns. Through this privilege extended to the people it may be fairly assumed that the pressure for direct food production will be somewhat lessened, and that the area of land devoted to this purpose, particularly that devoted to raising rice, will not be greater than it was under the old order of things. If other commodities produced and exchanged abroad will bring a larger amount of food than the effort involved would produce if devoted immediately to the growing of rice, the production of these commodities will be preferred under the freedom and opportunities afforded by the circumstances of modern Japanese society. Thus silk for export is receiving more attention, and is exchanged for American flour. The rapid growth of the silk and flour trade between the United States and Japan is a sufficient sign of development in this direction.

Some light may be thrown on the economic situation and prospects of Japanese society by recalling the fact that the most conspicuous talents of the people are directed to artistic rather than to mechanical work. But it is to be noted that industrial progress, in so far as it consists in bringing the forces of nature to work gratuitously for the satisfaction of human wants, is largely the result of the activity of those nations whose talents find their proper field in mechanical invention and construction. Undoubtedly artistic taste and skill applied to production, as in France, tend to give currency and increased commercial value to wares, but artistic taste and skill alone will not give a nation industrial leadership. In many of their products the Japanese have shown great refinement of taste and great manual dexterity in carrying out their artistic conceptions, yet there is very little in their industrial products to indicate that they have ever possessed any considerable degree of mechanical ability. Their early achievements show remarkable progress in certain lines, yet in mechanical construction they have not advanced beyond the first stages of industrial growth. At present they are employing some of the more complicated appliances for the development and application of power; but these appliances have been borrowed from the nations that invented them, but

they are used generally without improvement and often without the care necessary for their greatest effectiveness and longest possible preservation.

A nation without more mechanical talent than Japan has thus far displayed, relying on other nations for its mechanical constructions, is likely in the course of time to be obliged to use inferior machinery for communication or manufacturing as compared with those nations whose genius for invention leads them constantly to make improvements in their mechanical appliances. In this respect Japan will be handicapped in her industrial rivalry with England and America. On the other hand, in the lower wages of her laborers the manufacturers of Japan have a certain advantage over those of other nations, yet this advantage is not measured by the difference of wages; for, while the Japanese receive low wages, their efficiency is also low, particularly in the construction, repair, and use of machinery; and under the modern organization of production this kind of labor covers many of the more important departments.

That wages in Japan are low is not sufficient evidence of the unhappiness of the people. The well-being of a nation is not measured by the amount of its pecuniary incomes. If the incomes of the great body of the Japanese are low, the workers may properly claim, from their own point of view, to have a certain compensation in their easy conditions of work. High wages do not always appear as an unmixed good. They must be attended by rigorous supervision, compelling those who receive high wages to earn them, crowding the weak and unskillful to take lower places in the scale of labor, and leaving the ineffectives of every sort to fall into an unclassified mass below all recognized ranks of legitimate workmen. Where wages are low, as in Japan, the laborers work and rest at intervals quite according to their fancy, and the employer is not on the alert to see that every moment is made effective. They work as they are able or disposed, and not as they are forced to do where their achievements must justify higher wages. As wages are low enough, persons are employed to carry on an

undertaking easily, and the laborers leave their task not abundantly provided, it is true, with material luxuries, but still in possession of the great blessing of a cheerful spirit. Where very high wages prevail, it often happens that the physical powers are overtaxed, the health and strength of the laborers are consumed in a few years, and then, no longer able to meet the requirements of their task, they are early cast out into the rubbish heap of humanity. This is very largely the condition of men employed in the heavier kinds of manual labor in the United States. It is also in large measure the condition of women here engaged in household work. Where the high wages are paid which prevail in some parts of America, the number of employees in the house is necessarily limited, and the requirement of each is accordingly heavy. In Japan, however, where wages for work in the house are low, the number of persons employed is relatively large and their work is light. Their life is comparatively easy, and not rapidly wasted in attempting to fulfill the conditions of very high wages. They are always properly dressed according to the conventionalities of their country, and their fortunate circumstances in the house leave them little reason to be dissatisfied with their lot.

As Japan enters the common market of the western nations with her wares, her conditions of production tend to approximate those of the nations with whom she competes. Her laborers, becoming better informed as to the rate of wages paid elsewhere, demand an increase. Already they are showing strong faith in strikes as a means of obtaining the end desired. Moreover, the disposition of the people to entertain great respect for their own individual judgments under all circumstances furnishes good ground for the opinion that the strike will, for yet a number of years, continue to be a favorite weapon of the Japanese laborers in their contests with their employers. But in spite of the movement towards western conditions of production, there is no indication that wages in Japan will ever reach the English or American standard; and it may be expected that, in spite of any rise of wages which may be brought about, the increased

efficiency induced by the organization and discipline necessitated under production on a large scale will leave the employer with essentially all the advantages he enjoys at present.

The general conditions of labor in Japan at present are determined by the fact that production is carried on for the most part on a small scale. This state of things in the manufacturing industries gives opportunity for individual artistic talent to manifest itself. At the present time the artistic porcelain of Japan is made by a few individual workers, whose definite aim appears to be, as it was in old Japan, to maintain a certain high standard of quality, rather than to put on the market a large quantity. But, under the stimulus of an open foreign market, there are already observed the beginnings of production on a large scale, and the works of the recognized masters, such as Seifu, Tozan, and Rokubei, are every day becoming less conspicuous in the whole amount of porcelain produced. In the exportations these works constitute an insignificant quantity, while the bulk of the articles of the potter's art absorbed by the foreign market are cheap and ugly, and do violence to the traditions of Japanese taste.

It is possible that, in purchasing, the foreigner relies on Japan's ancient reputation for superior artistic work, and regards the fact of production in Japan as a sufficient guarantee of quality. If this is his attitude, his delusion is complete, and he may, perhaps, some time rise to the thought that the Japanese are willing to continue to cater to his indiscriminating demands. But this course, on the part of the Japanese, involves a real danger for themselves; for it is hardly to be supposed that they are so unworldly as to refuse to fill profitable foreign orders for inferior wares. When, therefore, these orders reach such an amount as fully to engage the productive capacity of all the producers, there will remain no force to be devoted to the production of such wares as have given Japanese potters their reputation for skill and refined taste. In this process, yielding to the demands of commerce with the barbarians of the West, there is an unmistakable danger that their taste and critical

judgment will be weakened and corrupted, and that their hands will forget their cunning. It is a noteworthy and lamentable fact that wherever, throughout the East, the artistic oriental has encountered the commercial and mechanical nations of the West there has been a marked degeneracy in his taste and a decline in his artistic creative capacity.

The survival of production on a small scale may be seen in agriculture as well as in the various forms of industry. For agricultural purposes the land is divided into small holdings, and is cultivated today in essentially the same manner as under the old régime. On the lower lands one rice field follows another in endless succession. At first one is surprised at the abundance of water which makes these fields possible. Although by no means an arid country, the value of agricultural land in Japan depends very largely on the possibility of flooding it, and thus adapting it to the production of rice. The control of the water is, therefore, of fundamental importance. This control, however, is not to be explained from the point of view of riparian rights. The title to the water inheres in the imperial government, but those who use it use it without making payment. The government's theory in the matter seems to be that its revenues will be large as the rice crop is large, and that the rice crop will be large if the peasants are allowed a free and abundant use of water. It would be difficult to carry out this theory if Japan had relatively no more water than New Mexico. If on any occasion the supply is inadequate, there is naturally a conflict between those demanding its use. In this case the question at issue is settled by the chief administrative officer of the primary political division, or commune. It may happen, however, that the parties involved in the case belong to different communes. In this instance the decision will be rendered by the administration of the next higher district, which embraces under its jurisdiction both contestants. The highest source of authority in matters relating to the use of the water of the streams is the supreme imperial administration. This arrangement appears to be extremely simple; yet in periods of drought,

when there is need or the immediate use of water to preserve the growing crops, difficulties may arise in carrying out the law. Under such circumstances the decision by the proper authority may be delayed, and the immediate need of a settlement may result in a resort to force. The local conflicts about water, of which we sometimes hear, have their origin in this condition of affairs.

Within the present view there appears no force that is likely very soon to revolutionize the condition of the Japanese engaged in agriculture. The social development that is expected as a result of the connection established with western nations does not offer a prospect of any important change in this field. In the manufacturing industries, however, there are marked signs of development. These are seen, in certain lines of production, in the departure from individual to corporate industry, and in the attempt to secure the advantages of manufacturing on a large scale. These changes are especially noteworthy in the manufacture of cotton goods. The advance along this line has been so great that the Japanese would be pleased to have the achievements made in this direction considered as typical of the industrial progress of the nation. They like to speak of Osaka as the Manchester of Japan. The products of the Osaka mills find their largest foreign market in China, but some of them are carried as far as India. The sales in India are viewed with satisfaction, because they represent successful competition with English producers on territory under English rule. In carrying on this industry the raw cotton and the machinery are imported, and the domestic advantage is cheap labor. In seeking to maintain this industry in their own hands, the Japanese will be obliged, under the revised treaties, to withstand the competition of foreign capital. They will be obliged to compete, moreover, with the superior ability in industrial organization possessed by the English, Germans, and Americans, who under the proposed treaty regulations will be able to get all the advantages of cheap labor now enjoyed by the Japanese manufacturers. For, through the revised treaties, foreigners residing in Japan and their

property are to be brought under Japanese law, and made subject to Japanese courts. The extra-territorial jurisdiction which the foreign powers have exercised through their consuls in the open ports is to cease, and the subjects of these powers are to be permitted to reside, hold property, and transact business in any part of Japan. Japan will undertake to hold the same relation to foreigners that the leading civilized nations of the West maintain. It is presumed, therefore, in the treaties providing for the new order of things that the Japanese are in a position to assume the government of foreigners and to administer impartial justice with respect to them. But here is an assumption that is waiting to be justified by the facts of actual practice. The difficulties that may possibly arise will not be the result of unfriendly design on the part of the higher authorities of the state, but will rather proceed, if they appear, in the first place, from a failure of the officers immediately concerned to comprehend the point of view of foreigners, and, in the second place, from the inability of the officials to withstand the demands of an antagonistic populace. It will be difficult, moreover, to apply Japanese law to Englishmen or Americans without doing violence to their social traditions and their instincts of justice. It is possible, therefore, that Japan, in urging the treaty powers to make these concessions, has assumed a task she is not prepared to execute; and that either by uninstructed action, or by her failure to act when action is demanded, she will place the persons or property of foreigners residing in the country in such a position as to call for the interference of their respective governments.

The progress that has been made in the manufacture of silk and paper is scarcely less conspicuous than that which has been observed in the cotton industry; but the paper for their newspapers is largely imported from the United States. Foreign methods and appliances are coming into use to give the advantages of production on a large scale. The important existing foreign trade in silk is almost entirely the creation of a single decade. It has already attained large proportions, and is one of

the most promising industries of the country. To the peasants it furnishes a much more agreeable and less degrading occupation than the cultivation of rice, and it is capable of wide extension.

It is along these lines, in the development of the manufacturing industries, that we must make our observations in order to determine the present economic situation in Japan. The progress already achieved in this direction carries with it the necessity of extending the foreign trade. But in this field of activity the nation is practically without training. Under the old order of things in Japan, the merchant as he is known in the history of western society did not exist. In the towns there were certain shopkeepers, but these were at the lowest extreme of the social scale; even the peasants stood above them in the public estimation. Their calling was condemned, and they were thought to derive advantage only at the expense of their neighbors. There was no place in Japanese society or Japanese conceptions for the great merchant as he appeared in the later centuries of the European Middle Ages, or as we find him in the great modern cities of Europe and America. If it is essentially true that members of any given class will live up or down to the estimate universally entertained regarding them, it is only natural that the shopkeepers of old Japan should have held very low ideas and the most primitive notions of commercial morality. Considering the comparatively few years that have passed since the abolition of the old social order, it is, moreover, not surprising that Japanese traders should now be found on a lower plane of reliability than the merchants of the leading commercial nations of the West. But the fact thus apologetically explained is still a fact to be considered in estimating the prospects of direct trade between the Japanese and other nations; and it helps to make foreigners, in trading with the Japanese, prefer to deal with them indirectly through Europeans resident in Japan.

In much Japanese work there is a lack of thoroughness; but this is not the result of any moral defect in the workers. Many wares fall short of the mechanical excellence required. If it is

a piece of silk, a larger thread at some point breaks the uniformity of the texture, or some other apparently insignificant defect appears. In the works of the potters the wares that will bear the most careful scrutiny are only a small part of those produced. In the products of iron and steel this is even more emphatically true. The lack of mechanical thoroughness almost always leaves something to be desired. On account of this the nation is heavily handicapped in the construction of all forms of machinery, and some forms, like the higher grades of bicycles, are entirely beyond its present ability. These limitations are inherent in the character of a people that is always disposed to pronounce an artistic rather than a mechanical judgment. Yet it may happen that the artistic quality of certain wares will more than counterbalance any mechanical defect they may possess. This might very well be true in the case of porcelain and textile products, but no artistic quality of the bicycle would be an acceptable substitute for mechanical excellence.

As the influence of the government in the ancient days was an important factor in the development of Japanese art, so under the new régime the government has helped materially to further the progress of the modern practical arts. It has promoted various industrial and commercial undertakings. Some of the railways are owned and managed directly by the government. In other cases ownership and control of business ventures are held indirectly by the government through organizations like private corporations. In still other instances governmental aid is rendered through subsidies or extensive patronage. Under some form or other the hand of the imperial government of Japan is distinctly felt in the modern industrial and commercial revival of the country. Supported by its resources, projects are undertaken without immediate attention directed to returns. Some of the new steamship lines appear to have been established under these conditions. Perhaps gains were not expected. It may have been the design of the government that the steamers purchased for transport service during the war with China might be kept afloat and prevented from wasting in inaction. However

easy it may be to make a beginning when it is not necessary to consider immediately which side of the account is the larger, it is clear that even national undertakings in the field of industry and commerce must have some other justification than the mere desire of the nation to appear strong and prosperous. This is particularly true if the national expenditure is increasing faster than the national income, as has been the case in Japan during the last few years. Such a condition of things might not excite alarm in a great country with large undeveloped resources, where the obligations incurred would be in effect diminished from year to year by increasing wealth and increasing population. But Japan, even with the incoming war indemnity from China, is at present not keeping her expenses down to the amount of her income ; and there is no immediate prospect of greatly enlarged revenues.

Lack of resources is the most important barrier to Japan's ambition to move at once into the society of the great powers ; and one cannot contemplate this phase of her striving without being reminded of the sorry fate of Italy in attempting to carry out a similar purpose. After the achievement of political unity, Italy might have held a very dignified position as a third-rate power. She might have continued to enjoy her hereditary prestige in art, and to take pride in her early intellectual leadership. The world would not have demanded much of her, and she might have devoted her energies to the development of her internal administration and economic resources. But in an evil hour she determined to be a great military and naval state, and as a result of her ambition she has been for years on the verge of bankruptcy. It may not be wise to prophesy that Japan, moved by the ambition to be a great power, has entered upon a career which leads to a similar end. At the same time it is impossible to avoid observing here a certain parallel. Both nations have won distinction for their artistic creations. Each has a small territory and a large population, which has necessitated careful and intense cultivation, and left little opportunity in the present for agricultural growth. In both nations the

genius of the people is artistic. The Japanese and the Italians stand in sharp contrast with the mechanical English and Americans, and by reason of their lack of mechanical talent suffer an obvious disadvantage in the rivalries of this industrial age. Yet during the last few years the Japanese have been enjoying their industrial honeymoon. They have started on a new career, and the way before them has seemed to be very easy and agreeable. Because they have not yet encountered the real difficulties of the industrial state, it is possible that they are living in the sweet delusion that there are no difficulties. With an extended use of credit, they will be likely to enter into the experiences of commercial crises, and, with the development of the factory system, have part in the practical problems that have been brought to the attention of western nations by strikes, lockouts, and mob violence. In whatever aspect Japan's economic activity is viewed, it is difficult to discover prospects of economic growth justifying sufficient expenditures to enable the nation to play the rôle that is apparently the object of its ambition.

In view of the efforts of the United States to maintain high prices by artificial means, when the tendency of the general economic forces of the world is towards low prices, Japan becomes interesting, not merely on account of her internal affairs, but also as an element in the economic problem of the Pacific. External pressure broke the barriers of Japanese isolation, and enabled the people to rise from the position of a number of almost independent and antagonistic provinces to be a nation in reality under an imperial ruler. Through the influence of a foreign war there was aroused a spirit of national patriotism, which has swept away the pettiness of the old provincial life, and put forth the demand that hereafter the nation shall be counted in the treaties among the most favored nations. When the marvelous revolution of Japan is repeated in China, and that nation becomes consolidated under the guidance of a great statesman, or partitioned and distributed among the strong, progressive nations of the West, we shall be obliged to modify our treaties with her, and place China, either as one great state

or as important dependencies of other states, on the list of the most favored nations. Then the bar for the exclusion of the Chinese from this country will necessarily fall, and, under the expectation of great gains here, the members of these two nations of the far East may become the strong rivals of Europeans and Americans in colonizing the territory of the Pacific states.

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